

March 14, 2005

Madam President:

Your FINANCE COMMITTEE, to whom has been referred

SENATE BILL 393

has had it under consideration and reports same with recommendation that it DO PASS, amended as follows:

1. On page 1, line 11, after the semicolon insert "PROVIDING FOR SMALL GROUP COVERAGE IN THE NEW MEXICO MEDICAL INSURANCE POOL;".

2. On page 1, between lines 17 and 18, insert the following new sections:

"Section 1. Section 59A-54-7 NMSA 1978 (being Laws 1987, Chapter 154, Section 7, as amended) is amended to read:

"59A-54-7. BOARD--POWERS AND DUTIES.--The board shall have the general powers and authority granted under the laws of this state to insurance companies licensed to transact health insurance business. In addition, the board shall have the specific authority to:

A. enter into contracts as are necessary or proper to carry out the provisions and purposes of the Medical Insurance Pool Act, including the authority, with the approval of the superintendent, to enter into contracts with similar pools of other states for the joint performance of common administrative functions or with persons or other organizations for the performance of administrative functions. The pool shall comply with the Procurement Code except as otherwise provided in the Medical Insurance Pool Act;

B. sue or be sued, including taking any legal action as necessary to avoid the payment of improper claims against the pool or the coverage provided by or through the pool;

C. establish appropriate rates, rate schedules, rate

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adjustments, expense allowances, agent referral fees, claim reserve formulas and any other actuarial functions appropriate to the operation of the pool. Rates and rate schedules may be adjusted for appropriate risk factors such as age and area variation in claim costs and shall take into consideration appropriate risk factors in accordance with established actuarial underwriting practices;

D. assess members of the pool in accordance with the provisions of the Medical Insurance Pool Act and make initial and interim assessments as may be reasonable and necessary for the organizational or interim operating expenses of the pool. Interim assessments shall be credited as offsets against any regular assessments due following the close of the calendar year. Interim assessments may include anticipated expenses of the next year that the board determines are reasonable and necessary for the operating expenses of the pool;

E. issue policies of insurance in accordance with the requirements of the Medical Insurance Pool Act;

F. issue a policy of insurance, in accordance with the requirements of the Medical Insurance Pool Act, for a small group that is formed voluntarily through an employer, association, cooperative, mutual alliance or other organization; provided, however, that an employer group may not have more than fifty persons;

[F.] G. appoint appropriate legal, actuarial and other committees as necessary to provide technical assistance in the operation of the pool, policy and other contract design and any other function within the authority of the pool; and

[G.] H. conduct periodic audits to assure the general accuracy of the financial data submitted to the pool. The board shall cause the pool to have an annual audit of its operations by an independent certified public accountant. "".

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3. Renumber the succeeding sections accordingly.

4. On page 7, line 25, strike the period and insert in lieu thereof a comma and the following:

"provided, however, that an unemployed former employee who has not exhausted COBRA coverage shall be eligible."

Respectfully submitted,

\_\_\_\_\_  
Joseph A. Fidel, Chairman

Adopted \_\_\_\_\_ Not Adopted \_\_\_\_\_  
(Chief Clerk) (Chief Clerk)

Date \_\_\_\_\_

The roll call vote was 6 For 0 Against

Yes: 6

No: 0

Excused: Beffort, Carraro, Leavell, Rawson

Absent: None

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